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FISCAL IMPACT STATEMENT

LS 6850

BILL NUMBER: HB 1490

NOTE PREPARED: Dec 30, 2008

BILL AMENDED:

SUBJECT: Tax on Recreational Vehicles and Cargo Trailers.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill extends the Gross Retail Tax exemption on cargo trailer and recreational vehicle sales to residents of states that do not provide a reciprocal Sales Tax exemption to Indiana residents.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill could increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill could be implemented within the existing level of resources available to the DOR.

Explanation of State Revenues: This bill exempts sales of RVs and cargo trailers to nonresident purchasers who take the RV or trailer out of state within 30 days and register it in another state which does not provide a reciprocal drive-out exemption. This provision is estimated to decrease Sales Tax collections between \$1.6 M and \$3.3 M annually.

Indiana's current drive-out exemption only applies to sales of RVs and cargo trailers to nonresidents who take the RV or trailer out of state and register it in another state which provides a reciprocal drive-out exemption. Under current law, Indiana RV and cargo trailer dealers are required to collect 7% in Indiana Sales Tax for sales to nonresidents who plan to register the RV and cargo trailer in a state which does NOT provide a reciprocal drive-out exemption.

The DOR lists nine states which do not provide a reciprocal drive-out exemption. Those nine listed states are Arizona, California, Florida, Hawaii, Massachusetts, Michigan, Mississippi, North Carolina, and South

Carolina.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOR.

Local Agencies Affected:

Information Sources: DOR.

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